

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4631-02  
Bill No.: SB 892  
Subject: Bonds - Bail; Insurance Dept.; Courts; Licenses - Professional  
Type: Original  
Date: February 22, 2010

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Bill Summary: Modifies provisions governing the regulation of the bail bond industry by the Department of Insurance.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
General Revenue	(Unknown less than \$100,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown less than \$100,000)</b>	<b>(Unknown less than \$100,000)</b>	<b>(Unknown less than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Insurance Dedicated	\$2,648	\$5,213	\$4,889
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$2,648</b>	<b>\$5,213</b>	<b>\$4,889</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Insurance Dedicated	2	2	2
<b>Total Estimated Net Effect on FTE</b>	<b>2</b>	<b>2</b>	<b>2</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Public Safety, Missouri Department of Conservation, Office of Prosecution Services, Jefferson City Police Department, and Boone County Sheriff's Department** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if other similar bills pass, there are more cases, or the cases are more complex, there may be a fiscal impact.

Officials from the **Department of Corrections (DOC)** state the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY 09 average of \$3.71 per offender, per day, or an annual cost of \$1,354 per offender). The DOC assumes the narrow scope of the crime will not encompass a large number of offenders and the low felony status enhances the possibility of plea-bargaining or imposition of a probation sentence. The probability also exists that offenders would be charged with a similar, but more serious offense, or that sentences may run concurrent to one another. Therefore, supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** provide the following assumptions:

Personal Tax Division:

Section 374.730 requires the DOR to verify bail bond agents and surety recovery agents are in compliance with individual income tax requirements. The Department of Insurance, Financial Institutions, and Professional Registration indicates there are 1,072 licensed bail bond and surety agents. Therefore, the DOR estimates that 10% of these licensees would need notified and tracked by the Personal Tax Division for tax compliance purposes. The DOR will use existing staff to take care of these actions.

Collections and Tax Assistance Division:

As a result of changes in Section 374.730, the DOR may see additional contacts from applicants or licensee's regarding their delinquent tax and requests for partial pay plans. The DOR estimates it will need one (1) Tax Collection Technician (\$25,380 annually) for every additional 15,000 contacts annually on the delinquent tax line. FY 11 costs are estimated to be \$39,651; FY 12 costs are estimated to be \$42,082; and FY 13 costs are estimated to be \$43,343.

**Oversight** assumes, if the DIFP indicates there are 1,072 licensed bail bond and surety agents, and the DOR estimates that 10% (107) may be delinquent in paying their taxes, that the DOR can absorb the additional contacts these individuals may make to the Collections and Tax Assistance Division with existing staff. If the additional contacts exceed 15,000 annually, the DOR may request additional staff through the appropriations process.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state based on the current number of licensees (1,072) and the increase in license fees from one hundred fifty dollars biennially to three hundred dollars biennially, there would be an increase in FY 11 revenue of \$40,200 (January through June); FY 12 and FY 13 are estimated to have an increase in revenue of \$80,400. In addition, fees for filing quarterly financial statements are estimated to be \$14,000 for FY 11 and \$28,000 (140 general bail bond agents X \$50 filing fee X 4 quarters) for FY 12 and FY 13. Total FY 11 revenue of \$54,200; FY 12 and FY 13 revenue of \$108,400 will be deposited into the Insurance Dedicated Fund.

The DIFP would require an Insurance Financial Analyst I (1.0 FTE at \$29,580 annually) to review quarterly financial statements, compile the monthly list of pre-approved general bail bond agents for the courts based on financial statements, and review any other financial information provided to the department.

HWC:LR:OD

ASSUMPTION (continued)

The DIFP would also require an Investigator I (1.0 FTE at \$29,580 annually) to investigate complaints and conduct enforcement actions on late or missing filings as well as inaccurate statements on the financial reports.

The DIFP estimates FY 11 costs of \$51,552; FY 12 costs of \$103,187; and FY 13 costs of \$103,511 to the Insurance Dedicated Fund.

Officials from the **Office of State Courts Administrator (CTS)** state the proposed legislation would modify provisions regarding the regulation of the bail bond industry and provide some additional duties for court clerks. Based on the clerk weighted workload, the CTS anticipates a fiscal impact less than \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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**GENERAL REVENUE FUND**

Costs - CTS

Additional clerk duties	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown less than \$100,000)</u></b>	<b><u>(Unknown less than \$100,000)</u></b>	<b><u>(Unknown less than \$100,000)</u></b>
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**INSURANCE DEDICATED FUND**

Income - DIFP

Increase in licensing fees	\$40,200	\$80,400	\$80,400
Form filing fees	<u>\$14,000</u>	<u>\$28,000</u>	<u>\$28,000</u>
Total <u>Income</u> - DIFP	<u>\$54,200</u>	<u>\$108,400</u>	<u>\$108,400</u>

Costs - DIFP

Personal service (2.0 FTE)	(\$29,580)	(\$60,639)	(\$60,639)
Fringe benefits	(\$15,512)	(\$31,799)	(\$31,799)
Equipment and Expense	<u>(\$6,460)</u>	<u>(\$10,749)</u>	<u>(\$11,073)</u>
Total <u>Costs</u> - DIFP	<u>(\$51,552)</u>	<u>(\$103,187)</u>	<u>(\$103,511)</u>
FTE Change - DIFP	2.0 FTE	2.0 FTE	2.0 FTE

<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$2,648</u></b>	<b><u>\$5,213</u></b>	<b><u>\$4,889</u></b>
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Estimated Net FTE Change for Insurance Dedicated Fund	2.0 FTE	2.0 FTE	2.0 FTE
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FISCAL IMPACT - Local Government

FY 2011  
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal will have a negative impact on small business bail bond businesses as a result in the increase in biennial licensing fees and quarterly financial statement filing fees.

FISCAL DESCRIPTION

This proposal modifies provisions governing the regulation of the bail bond industry by the Department of Insurance.

SECTION 374.705

This section increases the maximum amount that can be charged for a bail bond agent license or renewal from \$150 to \$300. Quarterly financial statements fees cannot exceed \$50.

SECTION 374.730

The department shall provide the director of the department of revenue with the name and social security number of each applicant or licensee renewing his or her license. The department of revenue shall verify if the person is delinquent on any state taxes or has failed to file an income tax return during the last three years. If such information is verified, the application shall be denied or the license shall not be renewed within 90 days, unless the situation is remedied.

SECTION 374.760

This section requires general bail bond agents to file certain information with the department. Certain required financial information, which is described in this section, must be filed with the initial application and then on an annual basis. Transfer of real estate listed as an asset must be provided to the director within 10 days.

Each general bail bond agent must file a quarterly financial statement and a monthly statement of outstanding bonds with the department. Failure to do so will result in removal from the pre-approved list of such agents kept by the department and can be the basis to file a complaint against an agent with the administrative hearing commission.

FISCAL DESCRIPTION (continued)

The director shall provide a list of pre-approved general bail bond agents to the courts. An agent's inclusion on the list is based on a permitted amount of outstanding bonds that may be written compared to the agent's assets. If the agent's amount of outstanding bonds reaches a certain level compared to its assets, the agent shall be removed from the list until such amount is within permitted limits.

Intentionally providing fraudulent or misleading financial statements or statements of outstanding bonds is a class D felony.

SECTION 374.763

Currently, if a judgement ordering a forfeiture of a defendant's bond is not paid within six months, the court shall extend the judgment date or notify the department, which shall then take appropriate action. Under this section, if a bond is posted and the defendant fails to appear, the court shall immediately issue an arrest warrant and enter a bond forfeiture for the state or municipality and against the general bail bond agent and insurer. The general bail bond agent shall be given 90 days before the forfeiture is considered final, unless the court grants an extension.

This section lists specific circumstances when a forfeiture shall be set aside, including the defendant being incarcerated elsewhere, being deported, dying, and other just causes. Thirty days after the judgment, the court shall distribute the amount tendered and notify the department. If the bond forfeiture is not paid within 30 days, the general bail bond agent's authorization to write bail bonds shall be immediately suspended until the judgment is satisfied.

SECTION 374.783

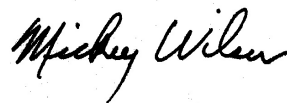
This section increases the maximum amount that can be charged for a surety recovery agent license or renewal from \$150 to \$300. It also increases the initial training requirement from twenty-four hours to forty hours.

This proposal shall become effective January 1, 2011.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General  
Office of Administration -  
    Administrative Hearing Commission  
Office of State Courts Administrator  
Department of Insurance, Financial Institutions, and Professional Registration  
Department of Corrections  
Department of Revenue  
Department of Public Safety -  
    Director's Office  
    Missouri State Highway Patrol  
    Capitol Police  
    Missouri State Water Patrol  
Missouri Department of Conservation  
Office of Prosecution Services  
Office of Secretary of State  
Boone County Sheriff's Department



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Director  
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